

**REPORT OF THE AUDIT OF THE
JESSAMINE COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net

144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable William Neal Cassity, Jessamine County Judge/Executive
Honorable Joe Walker, Jessamine County Sheriff
Members of the Jessamine County Fiscal Court

The enclosed report prepared by Ross & Company, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Jessamine County, Kentucky, for the year ended December 31, 2002.

We engaged Ross & Company, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Ross & Company, PLLC, evaluated the Jessamine County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDIT OF THE
JESSAMINE COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**

ROSS & COMPANY, PLLC
Certified Public Accountants
800 Envoy Circle
Louisville, KY 40299
Telephone (502) 499-9088
Facsimile (502) 499-9132

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE JESSAMINE COUNTY SHERIFF

**For The Year Ended
December 31, 2002**

Ross & Company, PLLC, has completed the Jessamine County Sheriff's audit for the year ended December 31, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$51,542 from the prior calendar year, resulting in excess fees of \$29,810 as of December 31, 2002. Revenues increased by \$94,838 from the prior year and disbursements increased by \$146,380

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Jessamine County, Kentucky, for the year ended December 31, 2002. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
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In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2003, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company".

Ross & Company, PLLC

Audit fieldwork completed -
September 22, 2003

JESSAMINE COUNTY
JOE WALKER, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2002

Receipts

Federal Grants		\$	38,185
State - Kentucky Law Enforcement Foundation Program Fund			60,663
State Fees For Services:			
Finance and Administration Cabinet			36,090
Circuit Court Clerk:			
Sheriff Security Service	\$	34,125	
Fines and Fees Collected		<u>9,656</u>	43,781
Fiscal Court			206,811
County Clerk - Delinquent Taxes			4,553
Commission on Taxes Collected			414,548
Fees Collected For Services:			
Auto Inspections	\$	30,185	
Accident and Police Reports		2,138	
Serving Papers		52,730	
Carrying Concealed Deadly Weapon Permits		<u>13,380</u>	98,433
Other:			
Dog Licenses	\$	498	
Surplus Auction		1,088	
Sheriff's Service Fee		3,565	
Sheriff's Add-On Fee		57,222	
Postage		20	
Tax Bill Printing		5,454	
Vending Machine Commissions		123	
Fax Copies		23	
Training		3,002	
Equipment Reimbursements		2,360	
Supplies Reimbursement		1,192	
Refunds		49	
Reimbursements		8,608	

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY
 JOE WALKER, COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2002
 (Continued)

Receipts (Continued):

Other: (Continued)

Executions	\$	9,201	
Calendar Funds		92	
Carrying Concealed Deadly Weapon Permits		580	
Photos		100	
Testing		25	
		<hr/>	\$ 93,202
Interest Earned			3,599
Borrowed Money:			
State Advancement			<hr/> 295,837
Total Receipts			<hr/> \$ 1,295,702

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services:

Deputy's Gross Salaries	\$	760,875	
KLEFPF		<hr/> 52,100	\$ 812,975

Employee Benefits:

Employer's Share Hazardous Duty Retirement			8,492
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Auto Expense:

Maintenance and Repairs	\$	2,232	
Equipment		<hr/> 3,814	6,046

Supplies and Materials:

Office Materials and Supplies	\$	6,855	
Uniforms		<hr/> 1,487	8,342

Other Charges-

Postage	\$	33	
Carrying Concealed Deadly Weapon Permits		8,850	
Jurors Meals		5	
Return of Fugitives		5,855	
Training Expense		13,274	
Dog License		267	
Surplus Sale		1,051	
Refunds		120	
Advertising		177	
Meetings		50	

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY
 JOE WALKER, COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2002
 (Continued)

Disbursements (Continued)

Other Charges- (Continued)

Victims Advocate Expense	\$	4,371	
Meals		188	
Post Office Box		220	
Bank Charges		10	
Dues		50	
Reimbursements		13,758	
Testing		45	
Cellular Phone		200	
Execution		9,201	
		<u>9,201</u>	\$ 57,725

Capital Outlay-

Emergency Response Equipment			2,360
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Debt Service:

State Advancement			<u>295,837</u>
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Total Disbursements

\$ 1,191,777

Net Receipts

\$ 103,925

Less: Statutory Maximum

\$ 71,153

Training Incentive Benefit

2,962

74,115

Excess Fees Due County for 2003

\$ 29,810

Payments to County Treasurer - February 24, 2003

\$ 20,354

March 4, 2003

9,456

29,810

Balance Due at Completion of Audit

\$ 0

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2002.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months of the year and 6.34 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2002
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2002 the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Drug Forfeiture Account

During 2002, the Sheriff's office received proceeds emanated from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These proceeds may be used for operating expenditures of the Sheriff's office. During 2002 \$5 in fines and forfeiture was received. There were no disbursements. The balance in the account as of December 31, 2002 was \$4,952.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Jessamine County Sheriff for the year ended December 31, 2002, and have issued our report thereon dated September 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jessamine County Sheriff's financial statement for the year ended December 31, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

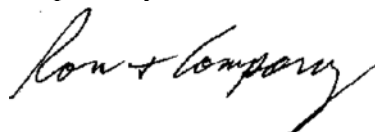
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jessamine County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Ross & Company, PLLC

Audit fieldwork completed -
September 22, 2003

